

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317)232-9855

**FISCAL IMPACT STATEMENT**

**LS 6491**

**BILL NUMBER:** SB 168

**DATE PREPARED:** Nov 30, 1998

**BILL AMENDED:**

**SUBJECT:** Annexation and noncapital services.

**FISCAL ANALYST:** Beverly Holloway

**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill has the following provisions:

(A) An annexed area is allowed, subject to certain requirements, to retain the fire protection, police protection, or emergency medical services that served the area before the annexation.

(B) A municipality is allowed to adopt two fiscal plans that establish that the municipality: (1) either will not provide fire protection and police protection or will not provide fire protection, police protection, and emergency medical services to the annexed area; and (2) will provide police protection, fire protection, and emergency services to the annexed area.

(C) If a remonstrance is **not** filed, the plan providing for less than full implementation of noncapital services will take effect. It provides that the annexed area is not responsible for the costs and indebtedness, including pension liability, of the noncapital services not provided by the municipality to the annexed area.

(D) If a remonstrance is filed, the court may consider only the fiscal plan providing for a full implementation of noncapital services.

(E) The annexed area is allowed to file a petition to retain police protection, fire protection, or emergency medical services, or any combination of these services after an annexation is effective. A petition to retain noncapital services is required to be signed by 51% of owners of land in the annexed area or the owners of 75% of the total assessed value of the land for property tax purposes.

(F) The bill provides for a hearing within 60 days of the date the petition is filed. It requires the court to find in favor of retention of services if 51% of the owners of land in the annexed area or the owners of 75% of the total assessed value of the land for property tax purposes support retention of the services specified in the petition.

(G) An annexed area that retains fire, police, or emergency medical services is not responsible for costs or indebtedness, including pension liability, from the municipality's provision of the noncapital services specified in the petition. It also requires the municipality to amend its fiscal plan to reflect the court's judgment on the petition and to submit the amended fiscal plan to the court.

(H) A petition to retain fire, police, or emergency medical services is not an appeal of the annexation.

(I) A person may file a complaint for the failure of a municipality to implement a fiscal plan not later than one year after the termination of all judicial and appellate review of a petition to retain noncapital services.

(J) The one year period for a municipality to provide police protection, fire protection, and emergency medical services begins on: (1) the date the period expires for filing a petition to retain noncapital services if a petition is not filed; or (2) the date of disposition of all judicial and appellate review of a petition to retain noncapital services.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Under current statute, when territory is annexed, capital and noncapital services need to be extended to that territory. The extension of services to this new territory would create additional expenditures for the municipality. This bill establishes a procedure by which an annexed area can retain the noncapital services (i.e., fire protection, police protection, emergency medical services or any combination of these services) that served the area before the annexation occurred. If it is determined under the provisions of this bill that the annexed area is allowed to retain the noncapital services that were provided before the annexation, there would not be an increase in the expenditures of the municipality to provide the noncapital services.

There will be costs to a municipality, county circuit or superior court and the circuit court clerk to implement the provisions of this bill. The fiscal impact is dependent on local action and can be absorbed within the existing budgets.

**Explanation of Local Revenues:** The annexation of property broadens the property tax base which tax rates are based on. The existing taxpayers in the municipality usually would see some rate reductions and the annexed taxpayers usually see a rate hike. This proposal could eliminate these tax shifts for noncapital services.

**State Agencies Affected:**

**Local Agencies Affected:** County Circuit or Superior Court; Circuit Court Clerk; Municipality; Annexed territory.

**Information Sources:**